

Message Text

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ACTION IO-13

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SUBJ: ECE - AD HOC MEETING OF EXPERTS ON INDUSTRIAL COOPERATION

1. SUMMARY: SECOND ECE AD HOC MEETING OF EXPERTS ON INDUSTRIAL COOPERATION MET IN GENEVA OCTOBER 20 - 22 TO REVIEW PROGRESS ON SUBJECT TO DATE IN EAST-WEST ECONOMIC RELATIONS AND CONSIDER POSSIBLE FOLLOW-UP ACTIVITIES FOR PRESENTATION TO PARENT ECE BODY, COMMITTEE ON THE DEVELOPMENT OF TRADE. TOPICS CONSIDERED BY GROUP INCLUDED: A) ACTIVITIES OF INTERGOVERNMENTAL JOINT COMMISSIONS IN EAST-WEST INDUSTRIAL COOPERATION; B) FINANCING AND PAYMENTS; C) INFORMATION PROBLEMS; D) SPECIAL TREATMENT - CONCERNING TRADE REGULATIONS - FOR GOODS COVERED BY INDUSTRIAL COOPERATION; E) INTERNATIONAL NORMATIVE FRAMEWORK FOR INDUSTRIAL COOPERATION; AND F) POSSIBLE NEW ECE INSTITUTIONS TO FACILITATE INDUSTRIAL COOPERATION. US FOCUSED MEETING'S ATTENTION ON DECISION D (XXXI) ADOPTED AT ECE 31 ST SESSION, PARTICULARLY TO ITS PROVISIONS ON IMPROVING THE FLOW OF ECONOMIC AND COMMERCIAL INFORMATION. EASTERN SIDE, LED BY ROMANIA AND HUNGARY (AND SUPPORTED BY USSR) STRONGLY ADVOCATED THAT GROUP RECOMMEND TO TRADE COMMITTEE WORK

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PROGRAM ITEM ON OBSTACLES TO INDUSTRIAL COOPERATION. END SUMMARY

2. US INITIATED MEETING'S DISCUSSIONS WITH OPENING INTERVENTION OCT. 20 ON AGENDA ITEM CONCERNING REVIEW OF RELEVANT DISCUSSIONS, RESOLUTIONS AND DECISIONS OF THE COMMISSION RELATING TO INDUSTRIAL COOPERATION. US REP POINTED OUT IMPORTANCE TO US OF INDUSTRIAL COOPERATION WITH EAST AND NOTED CSCE FINAL ACT PROVISIONS ON SUBJECT (TOGETHER WITH OUR VIEW THAT TEST OF CSCE LIES IN EXTENT TO WHICH ITS PROVISIONS ARE ACTUALLY IMPLEMENTED). USDEL FURTHER POINTED OUT THAT US BELIEVES LEVEL OF TRADE AND INDUSTRIAL COOPERATION WITH EAST HAS NOT YET REALIZED ITS FULL POTENTIAL AND THAT A MAJOR REASON FOR THIS IS CONTINUING ABSENCE IN PUBLIC REALM IN SOME ECE COUNTRIES OF SUFFICIENT QUANTITY AND QUALITY OF ECONOMIC AND COMMERCIAL INFORMATION, RESULTING IN LOSSES TO BOTH SIDES OF POTENTIAL BUSINESS TRANSACTIONS. IN THAT CONTEXT, US REP REFERRED TO DECISION D (XXXI) OF ECE 31 ST SESSION (THE SO-CALLED "SPECIAL ATTENTION PROJECTS" DECISION) AND CALLED ON GROUP TO BE ATTENTIVE TO IT IN DRAWING UP RECOMMENDATIONS FOR TRANSMITTAL TO TRADE COMMITTEE. AT OUR INSISTENCE, REFERENCE TO DECISION D (XXXI) WAS INCLUDED IN AGREED TEST OF REPORT ON MEETING.

3. JOINT COMMISSIONS. THERE WERE VARIOUS INTERVENTIONS NOTING THAT IN GENERAL JOING COMMISSIONS HAVE PROVED TO BE AN APPROPRIATE MECHANISM FOR PROMOTING ECONOMIC AND INDUSTRIAL COOPERATION. FRG, SWEDEN, US AND OTHERS NOTED THERE WERE LIMITS TO CAPACITIES OF JOINT COMMISSIONS. SEVERAL DELEGATIONS, MOSTLY WESTERN, BASED ON THEIR EXPERIENCES WITH JOING COMMISSIONS PUT FORWARD NUMEROUS SPECIFIC PROPOSALS FOR IMPROVING THEIR ACTIVITIES, E.G., MORE PREPARATORY WORK BEFORE COMMISSION SESSIONS, PARTICIPATION BY BUSINESSMEN IN THE SESSIONS, AND CONTACTS BETWEEN OFFICIALS DURING INTERSESSION PERIODS.

4. FINANCING AND PAYMENTS. THERE WAS CONSENSUS THAT FINANCING AND PAYMENTS CONSTITUTE AN IMPORTANT ASPECT OF EAST-WEST INDUSTRIAL COOPERATION. CONSIDERABLE DISCUSSION TOOK PLACE RE FOLE OF COMPENSATION TRANSACTIONS IN FURTHERING INDUSTRIAL COOPERATION. SWEDEN, NORWAY, AND FINLAND REFERRED TO DIFFICULTIES IN FINANCING COMPENSATION DEALS. SPECIFIC SUGGESTIONS, FOR FURTHER WORK ON SUBJECT INCLUDED; A) HAVING SECRETARIAT ARRANGE FOR PREPARATION OF A STUDY REGARDING LACK AND POSSIBLE DEVELOPMENT OF PROPER FINANCIAL MECHANISMS (PRIMARILY NEGOTIABLE COMMERCIAL PAPER) TO BE USED AS BASIS LIMITED OFFICIAL USE

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FOR RE-FINANCING OF INDUSTRIAL COOPERATION, AND B) EXAMINATION OF POSSIBILITIES FOR WESTERN FIRMS TO UTILIZE PATENTS AND KNOW-HOW OF EASTERN COUNTRIES AND TO SECURE RELATED FINANCING FROM THE EAST.

5. INFORMATION PROBLEMS. US TOOK LEAD IN THIS AREA AND, TOGETHER WITH OTHER WESTERNERS, MADE NUMEROUS SUGGESTIONS FOR FUTURE WORK BT ECE. THESE INDLUDE: A) COMPILATION OF INFORMATION FROM EASTERN COUNTRIES ON PROSPECTIVE INVESTMENT PROJECTS, RELEVANT POLICY IN-

TENTIONS, REGIONAL DEVELOPMENT PLANS, ETC.; B) IDENTIFICATION BY INDIVIDUAL ECE PRINCIPAL SUBSIDIARY BODIES (PSB'S) OF PARTICULAR OPPORTUNITIES IN THEIR SECTORS FOR INDUSTRIAL COOPERATION PROJECTS; C) PREPARATION OF COUNTRY MANUALS ON LEGAL, ADMINISTRATIVE AND BUSINESS SYSTEMS AND PRACTICES OF SPECIAL RELEVANCE TO INDUSTRIAL COOPERATION; D) PUBLICATION OF BULLETIN CONTAINING INFORMATION ON CHANGES IN REGULATIONS AND PRACTICES OF INDUSTRIAL COOPERATION; AND E) ORGANIZATION BY ECE OF SPECIAL MEETINGS AND SYMPOSIA FOR EXCHANGE OF INFORMATION IN CONNECTION WITH INTERNATIONAL FAIRS HELD IN ECE REGION.

6. SPECIAL TREATMENT. THIS PROVED TO BE QUITE CONTENTIOUS ITEM, WITH HUNGARY AND ROMANIA COMPLAINING ABOUT WESTERN (EXPECIALLY EC) TRADE BARRIERS (ESPECIALLY QR'S AND OTHER NTB'S) HINDERING FURTHER DEVELOPMENT OF INDUSTRIAL COOPERATION. DUTCH, SPECAKING FOR EC-9, REACTED DEFENSIVELY. SOVIETS PROPOSED PROGRAM ACTIVITY DEALING WITH OBSTACLES TO INDUSTRIAL COOPERATION.

7. INTERNATIONAL NORMATIVE FRAMEWORK. GENERAL SATISFACTION WAS EXPRESSED RE WORK PERFORMED BY GROUP OF EXPERTS ON INTERNATIONAL CONTRACTS PRACTICES IN INDUSTRY AND, IN PARTICULAR, WITH "BUIDE ON DRAWING UP INTERNATIONAL CONTRACTS ON INDUSTRIAL COOPERATION", RECENTLY PREPARED BY GROUP. RE FOLLOW-ON WORK, GROUP RECOMMENDED THAT SECRETARIAT SHOULD PUBLISH LIST OF ORGANIZATIONS TO WHICH PARTIES MIGHT BE REFERRED FOR DISPUTE SETTLEMENT.

8. POSSIBLE NEW ECE INSTITUTIONS TO FACILITATE INDUSTRIAL COOPERATION. ISSUE HERE INVOLVED LONG-STANDING PROPOSALS TO CREATE ECE CENTER ON INDUSTRIAL COOPERATION AND ECE WORKING PARTY ON INDUSTRIAL COOPERATION. DELEGATES CONCLUDED THAT TIME IS NOT RIPE FOR PROCEEDING WITH SUGGESTIONS FOR FUTURE INSTITUTIONAL ARRANGEMENTS IN AREA OF INDUSTIRAL COOPERATION.

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9. DRAFT PROGRAM OF WORK (CONTAINED IN DOCUMENT TRADE/AC.3/R.7) WILL BE FORWARDED, TOGETHER WITH OTHER SUGGESTIONS NOTED ABOVE, IN ANNEX TO REPORT OF AD HOC MEETING TO COMMITTEE ON DEVELOPMENT OF TRADE FOR CONSIDERATION AT ITS MEETING NOVEMBER 29 TO DEC 3.

10. REPORT AND ANNEX OF AD HOC MEETING WILL BE FORWARDED TO DEPARTMENT BY AIRGRAM.CATTO

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